

Press release: Tesco/Booker merger cleared after in-depth review

A group of independent Competition and Markets Authority (CMA) panel members has examined all submissions received since its [provisional findings](#) before coming to its final view. This follows an in-depth examination of evidence from a large number of wholesalers, suppliers and retail chains as well as a survey of hundreds of retailers.

Tesco, as a retailer, and Booker, as a wholesaler, do not compete head-to-head in most of their activities. However, since Booker supplies shops – such as Premier, Londis and Budgens – that do compete with Tesco, the group considered the impact of this carefully.

Booker does not own the shops it supplies and these retailers are free to set their prices and decide which products to stock. So, although these shops compete with Tesco, Booker cannot directly determine how they compete.

Given Tesco's influence generally in the retail sector, the CMA also examined whether the merged company could raise prices or reduce service quality at either the wholesale or retail levels. It found that existing strong competition in wholesale and retail made this unlikely.

During the course of its phase 2 investigation, the CMA surveyed hundreds of retailers which showed that most shops use more than one wholesaler and frequently switch. A quarter of symbol group retailers and a third of independent shops switched at least once a month.

In addition, almost half of symbol group retailers surveyed and more than a third of independent retailers said that if Booker were to raise prices after the merger with Tesco, they might stop buying from Booker altogether. And only around a fifth would continue buying the same volumes from Booker, alongside their other wholesalers.

The CMA also considered concerns that, after the merger, Booker would be able to use Tesco's buying power to purchase groceries from suppliers at lower prices and that other wholesalers might not be able to compete. This could lead to Booker eventually raising its prices if the choice didn't then exist to keep prices competitive. But the CMA concluded that the wholesale market would remain competitive in the longer term, noting that Booker's share of the UK grocery wholesaling market was not sufficient to justify these longer-term concerns.

The CMA also noted that if Booker could get keener prices for its goods from suppliers, this might actually intensify competition in the wholesale market, leading to cheaper prices for the shoppers and caterers Booker supplies.

Simon Polito, Chair of the inquiry group, said:

We have carefully listened to feedback from retailers and wholesalers who operate in what are highly competitive UK retail and wholesale sectors. Retailers have told us that they shop around for the best prices and service from their wholesaler, and we are confident that this will continue after Tesco buys Booker.

This has been an important investigation for us. Millions of people use their local supermarket or convenience store to buy their groceries or essentials, so it is vital that they have enough choice to secure the best deal for them. Having examined the evidence in depth, we are satisfied this will remain the case following the merger.

The CMA opened its phase 1 investigation into the merger in May. At the end of June, the companies requested a 'fast track' referral to the next stage of the investigation.

All information relating to this merger inquiry can be found on the [case page](#).

Notes for editors

1. Tesco operates more than 3,000 stores across the UK. Booker supplies services to over 5,000 'symbol' stores as well as to thousands of independent retailers and caterers.
2. A 'symbol' store is an independent grocery retailer operating under a brand owned by a wholesaler. The retailer is usually required to purchase some of its wholesale supplies from the brand owner, in return for use of the brand and other supporting services. Booker's symbol group brands are the Premier, Londis, Budgens and Family Shopper.
3. The CMA's [report](#) also recognised that Booker operates a small number of shops. In the areas where Tesco and Booker shops compete with each other directly, the CMA has found that existing competition is likely to prevent prices from going up.
4. During the CMA's inquiry Palmer & Harvey McLane Limited, and most of its subsidiaries, entered administration. The CMA has taken that into account in its final report.
5. The CMA is the UK's primary competition and consumer authority. It is an independent non-ministerial government department with responsibility for carrying out investigations into mergers, markets and the regulated industries and enforcing competition and consumer law. For CMA updates, follow us on Twitter [@CMAgovuk](#), [Facebook](#), [Flickr](#) and [LinkedIn](#).

6. All the CMA's functions in phase 2 merger inquiries are performed by inquiry groups chosen from the CMA's independent panel members. The appointed inquiry group is the decision-maker on phase 2 inquiries. The CMA's panel members come from a variety of backgrounds, including economics, law, accountancy and/or business. The membership of an inquiry group usually reflects a mix of expertise and experience (including industry experience).

7. Media enquiries to the CMA should be directed to press@cma.gsi.gov.uk or 020 3738 6337.